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FORM 10-Q
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended.....March 31, 1992.....

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OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from.....to.....

Commission file number 0-14748.....

Alloy Computer Products, Inc.
(Exact name of registrant as specified in its charter)

Massachusetts	04-2807692
(State or other jurisdiction of incorporation or organization)	(I.R. S. Employer Identification No.)

1 Bigham Street, Marlborough, MA 01752
(Address of principal executive offices) (Zip Code)

(508) 481-8500
(Registrant's telephone number, including area code)

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(Former name, former address and former fiscal year, if changed since last report)

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Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes..X.. No.....

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Class	Outstanding at May 11, 1992
Common stock, par value $.01 per share	5,806,450 Shares

PART I - FINANCIAL INFORMATION

ITEM 1. Financial Statements

ALLOY COMPUTER PRODUCTS, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(In Thousands)

ASSETS	MARCH 31, 1992 (Unaudited)	DECEMBER 31, 1991 (Audited)
CURRENT ASSETS:		
CASH AND CASH EQUIVALENTS	$ 134	$ 71
ACCOUNTS RECEIVABLE (LESS ALLOWANCES FOR DOUBTFUL ACCOUNTS AND SALES RETURNS OF $407 IN 1992 AND $410 IN 1991,	1,252	1,541
INVENTORY (NOTE 1)	1,202	1,695
INCOME TAX RECEIVABLE	73	79
PREPAID EXPENSES AND OTHER ASSETS	46	101
TOTAL CURRENT ASSETS	2,707	3,487
PROPERTY & EQUIPMENT (LESS ACCUMULATED DEPRECIATION OF $6,000 IN 1992 AND $5,812 IN 1991)	524	718
OTHER ASSETS (NOTE 3)	365	371
TOTAL	$ 3,596	$ 4,576
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
ACCOUNTS PAYABLE AND ACCRUED EXPENSES	$ 4,693	$ 4,963
SHORT-TERM NOTES PAYABLE	129	279
ACCRUED WARRANTY	264	268
REVOLVING LOAN	214	295
ACCRUED COMPENSATION AND RELATED TAXES	276	213
TOTAL CURRENT LIABILITIES	5,577	6,018
OTHER LONG TERM LIABILITIES	546	546
TOTAL LONG TERM LIABILITIES	546	546
STOCKHOLDERS' EQUITY		
COMMON STOCK	58	58
ADDITIONAL PAID-IN CAPITAL	10,151	10,151
RETAINED EARNINGS	(12,739)	(12,171)
CUMULATIVE TRANSLATION ADJUSTMENT	187	158
TREASURY STOCK ,AT COST (20,745 SHARES)	(184)	(184)
STOCKHOLDERS' EQUITY	(2,527)	(1,988)
TOTAL	$ 3,596	$ 4,576

SEE NOTES TO CONSOLIDATED STATEMENTS

ALLOY COMPUTER PRODUCTS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
(Unaudited)
(In Thousands, Except Per Share Data)

	THREE MONTHS ENDED MARCH 31,	
	1992	1991
NET SALES	2,823	4,972
COSTS AND EXPENSES:		
COSTS OF SALES	1,830	2,956
RESEARCH AND DEVELOPMENT	207	369
SELLING, GENERAL AND ADMINISTRATIVE	1,312	2,090
TOTAL	3,349	5,415
OPERATING LOSS	(526)	(443)
INTEREST INCOME	0	4
INTEREST EXPENSE	(40)	(40)
LOSS BEFORE INCOME TAXES	(566)	(479)
PROVISION FOR (BENEFIT FROM) INCOME TAXES	0	0
NET LOSS	$ (566)	$ (479)
LOSS PER SHARE (NOTE 2)	$ (0.10)	$ (0.08)
WEIGHTED AVERAGE NUMBER OF COMMON AND COMMON EQUIVALENT SHARES OUTSTANDING (NOTE 2)	5,777	5,753

SEE NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

ALLOY COMPUTER PRODUCTS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)
(In Thousands)

	THREE MONTHS ENDED MARCH 31	
	1992	1991
CASH FLOW FROM OPERATING ACTIVITIES:		
NET LOSS	$ (566)	$ (479)
ADJUSTMENTS TO RECONCILE NET LOSS TO NET CASH USED IN OPERATIONS:		
DEPRECIATION AND AMORTIZATION	241	263
CHANGES IN ASSETS AND LIABILITIES:		
ACCOUNTS RECEIVABLE	289	(10)
INVENTORY	493	287
INCOME TAX RECEIVABLE	6	14
PREPAID EXPENSES AND OTHER ASSETS	55	(197)
ACCOUNTS PAYABLE AND ACCRUED EXPENSES	(211)	118
OTHER ASSETS	(43)	58
NET CASH USED IN OPERATING ACTIVITIES:	264	54
CASH FLOWS FROM INVESTING ACTIVITIES:		
ACQUISITIONS OF PROPERTY AND EQUIPMENT	0	(26)
NET CASH USED IN INVESTING ACTIVITIES:	0	(26)
CASH FLOWS FROM FINANCING ACTIVITIES:		
REPAYMENTS OF LINE OF CREDIT	0	(2)
PROCEEDS FROM (REPAYMENTS TO) REVOLVING NOTE	(80)	52
REPAYMENT OF SUBORDINATED DEBT	(150)	(30)
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES:	(230)	20
EFFECT OF EXCHANGE RATE CHANGES ON CASH	29	(235)
NET DECREASE IN CASH AND CASH EQUIVALENTS	63	(187)
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	71	391
CASH AND CASH EQUIVALENTS, END OF PERIOD	$ 134	$ 204

In the opinion of Management, the accompanying condensed consolidated financial statements include all adjustments and normal recurring accruals necessary to present fairly the financial position, results of operations and changes in financial position. It is suggested that the accompanying condensed consolidated financial statements be read in conjunction with the consolidated financial statements included in the Annual Report on Form 10-K for the fiscal year ended December 31, 1991.

1. Inventory --

Inventories consist of the following, (in thousands) :

	March 31, 1992	March 31, 1991
Raw materials	$ 142	$ 189
Work in process	192	432
Finished goods	868	1,074
	$ 1,202	$ 1,695

2. Earnings per share --

Earnings per share have been computed based on the weighted average number of common and common equivalent shares outstanding. Common equivalent shares include dilutive stock options. Loss per share data are based upon the weighted average number of common shares outstanding. The shares used for the calculation of the three months ended March 31, 1992 and 1991 are 5,777,007 shares and 5,752,537 shares, respectively.

3. Capitalization of software costs --

The Company applies Financial Accounting Standards No. 86, "Accounting for the Costs of Computer Software to be Sold, Leased, or Otherwise Marketed" with respect to certain costs incurred to develop its major software products. Software costs of $64,256 were capitalized for the three months ended March 31, 1992. At March 31, 1992 and March 31, 1991, $291,330 and $265,886 respectively of unamortized costs were included in other assets.

4. Supplemental Cash Flow Information

Interest payments made during the first quarter 1992 include approximately $16 thousand to Ambassador Factors for interest due on the revolving line of credit and approximately $6 thousand to several commercial vendors holding short term notes with average interest rates of 8%.
Interest of approximately $15 thousand was accrued, but not paid, on a note payable to Bessemer Venture Partners. This note carries an interest rate of 10% per annum.

ITEM 2. Managements Discussion and Analysis of Results of Operations and Financial Condition

RESULTS OF OPERATIONS

Net sales for the first quarter of 1992 were $2.8 million, down approximately 43% from approximately $5.0 million for the same quarter of 1991. Sales of the Company's older PC-Slave family of products declined by approximately 58.3% from sales levels achieved in the same period of 1991. This is attributable to a decrease in demand from major customers as these products are now sold primarily into prior installations. Sales of EarthStation and Storage products for the three month period ended March 31, 1992 decreased by approximately 83.2% and 58.1% from first Quarter 1991 levels, respectively. The decline in Earthstations was due in large part to technological obsolesense. Storage sales were negatively affected by competitive pressure on the low end 125MB tape products. Sales of the higher capacity tape subsystems was not sufficient enough to offset this decline. 386/Multiware sales decreased by 15% from the sales volume achieved in the same period of 1991. During the first quarter of 1991 PC-Slave products contributed 21.7% of total sales with 386/Multiware, EarthStations, Storage, and Service contributing 36.0%, 13.2%, 19.7% and 9.4% respectively. The Company's gross margin of 35.2% for the quarter ended March 30, 1992 was down from 40.5% for the same period of 1991. The gross margin decrease was due to decreased sales volume and a reduction in unit price. Research and development costs for the three month period ended March 31, 1992 were approximately $207 thousand, a 44% decrease from the same period of 1991. This decrease is attributed to a reduction in expenditures associated with the older, non-competitive product lines. The Company continues to concentrate R&D efforts on its software products, including new product development in the local area network market. This realignment of the development efforts allowed for reductions in headcount and purchases of R&D materials.

Selling, general and administrative expenses for the first quarter of 1992 were approximately $1.3 million, a 37.2% decrease from the same period of 1991. The majority of this decrease is attributed to reductions in wage and facility expenses.

As a result of all of the above factors the Company posted an operating loss of approximately $566 thousand for the first quarter of 1992, compared to an operating loss of approximately $479 thousand for the same period of 1991.

No tax loss carryback benefits were allowed for the three month periods ended March 31, 1992 and 1991. This is a result of the Company reaching its maximum carryback benefit in 1989. Net loss for the first quarter of 1992 was $566 thousand or $.10 per share compared to $ 479 thousand or $.08 per share for the same period of 1991.

LIQUIDITY AND SOURCES OF CAPITAL

Cash increased by approximately $63 thousand during the first three months of 1991. Operating losses were partially offset by decreases in inventory and accounts receivable, and increases in accounts payable. Borrowings under the receivables line of credit,which was extended until may 9, 1993, decreased slightly, and were $214 thousand at quarter end. This represents the maximum availability under the borrowing agreement.

The Company has been actively managing its cash expenditures, including the timing of inventory purchases and payments on accounts payable, to coincide with cash available through its credit facility. Despite borrowing to the maximum available, the Company has been deliquent with certain creditors. Management believes that the Company's ability to continue existing operations in the near term will depend on the continued forbearance of creditors, and the Company's ability to continue to negotiate with vendors and reduce cash requirements while continuing development efforts on its new LAN network products. Management further believes that in the longer term the Company's existing operations are not likely to be viable unless a strategic alliance is formed with a third party organization.

PART II - OTHER INFORMATION

Item 6. Exhibits and Reports

(a) The following exhibit is filed as part of this report:

11. Statement re Computation of Per Share Earnings. (Page 9.)

(b) The Company did not file any reports on Form 8-K during the quarter for which this report is being filed.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Dated: 5/13/92

Alloy Computer Products, Inc.

(Registrant)

by _____
Hezbert Shanzer
Chief Executive Officer
and
Chairman of the Board

by _____
Kathleen Powers Haley
Chief Accounting Officer
and
Secretary

EXHIBIT 11

ALLOY COMPUTER PRODUCTS, INC. AND SUBSIDIARIES
SCHEDULE OF COMPUTATION OF EARNINGS PER SHARE
(UNAUDITED)
(IN THOUSANDS, EXCEPT PER SHARE DATA)

	THREE MONTHS ENDED MARCH 31,	
	1992	1991
NET LOSS	$ (566)	$ (479)
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING	5,777	5,753
COMMON EQUIVALENTS	0	0
TOTAL WEIGHTED AVERAGE COMMON AND COMMON EQUIVALENT SHARES OUTSTANDING	5,777	5,753
LOSS PER COMMON SHARE	($0.10)	($0.08)

NOTE - FULLY DILUTED LOSS PER SHARE IS NOT PRESENTED SINCE THE EFFECT OF USING ENDING MARKET PRICES IN THE COMPUTATION IS LESS THAN 3%.